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**AB-2426 Trustee: power to terminate trust.** (2017-2018)

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**Assembly Bill No. 2426**

**CHAPTER 78**

An act to amend Section 15408 of the Probate Code, relating to trusts.

[ Approved by Governor July 09, 2018. Filed with Secretary of State July 09, 2018. ]

**LEGISLATIVE COUNSEL'S DIGEST**

AB 2426, Maienschein. Trustee: power to terminate trust.

Existing law regulates the administration of trusts by trustees on behalf of beneficiaries. Existing law authorizes, if the principal of a trust does not exceed \$40,000 in value, the trustee to terminate the trust.

This bill would instead authorize a trustee to terminate a trust if the principal does not exceed \$50,000 in value.

Vote: majority Appropriation: no Fiscal Committee: no Local Program: no

**THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:**

**SECTION 1.** Section 15408 of the Probate Code is amended to read:

**15408.** (a) On petition by a trustee or beneficiary, if the court determines that the fair market value of the principal of a trust has become so low in relation to the cost of administration that continuation of the trust under its existing terms will defeat or substantially impair the accomplishment of its purposes, the court may, in its discretion and in a manner that conforms as nearly as possible to the intention of the settlor, order any of the following:

- (1) Termination of the trust.
- (2) Modification of the trust.
- (3) Appointment of a new trustee.

(b) Notwithstanding subdivision (a), if the trust principal does not exceed fifty thousand dollars (\$50,000) in value, the trustee has the power to terminate the trust.

(c) The existence of a trust provision restraining transfer of the beneficiary's interest does not prevent application of this section.